

Message Text

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ORIGIN PM-04

INFO OCT-01 AF-10 ARA-06 EUR-12 EA-07 ISO-00 NSC-05
SP-02 SS-15 CIAE-00 INR-07 NSAE-00 DODE-00 MC-02
ACDA-07 IGA-02 AID-05 OMB-01 TRSE-00 /086 R

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ARA/RPP - MR. FINAN
AFI MR. LEWIS
S/S:MR. REDDY

-----270712Z 006435 /21

R 270012Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY ROME
INFO AMEMBASSY LIMA
AMEMBASSY NAIROBI
AMEMBASSY MANILA
USCINCEUR

C O N F I D E N T I A L STATE 094163

E.O. 11652: GDS

TAGS: MASS, IT

SUBJECT: APC SALES BY OTO MELARA

REF: ROME 20514

1. AS DISCUSSED WITH POL-MIL COUNSELOR SILVA IN JANUARY,
DEPARTMENT UNDERSTANDS THAT OTO MELARA'S REQUESTS TO SELL
APCS TO COUNTRIES CITED REFTEL HAD BEEN LONG AGO RESOLVED
IN COMMERCIAL CHANNELS. AS EMBASSY AWARE, OTO MELARA
MAINTAINS A CLOSE CONSULTATIVE RELATIONSHIP WITH FMC. AS
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OTO MELARA'S LICENSOR, FMC MUST, UNDER TERMS OF THE
LICENSING ARRANGEMENT, CONSENT TO THE ITALIANS' PURSUIT OF
THIRD-PARTY SALES. ACCORDINGLY, FMC IS USUALLY AWARE OF
THESE PROPOSED SALES IN ADVANCE AND MAKES CLEAR TO OTO
MELARA ITS POSITION ABOUT EACH ONE. WE HAVE REASON TO
BELIEVE THAT IN THOSE INSTANCES WHERE FMC HAS INFORMED OTO
MELARA THAT IT WOULD NOT GIVE COMMERCIAL APPROVAL TO A

PROPOSED SALE, OTO MELARA MAY NOT HAVE SUBSEQUENTLY CONVEYED THIS POINT TO THE GOI. IN ANY EVENT, OTO MELARA HAS EVIDENTLY BEEN FOLLOWING PRACTICE OF REQUESTING USG APPROVAL THROUGH DIPLOMATIC CHANNELS BEFORE IT HAS OBTAINED A GO-AHEAD FROM FMC.

2. WE ALSO SUSPECT THAT OTO MELARA DOES NOT INFORM THE GOI WHEN A PROPOSED PURCHASER REJECTS A SALES PROPOSAL. IN SOME CASES OTO MELARA MAY NOT APPROACH THE APPROPRIATE OFFICIALS OF THE GOVERNMENT CONCERNED TO SUBSTANTIATE ITS ALLEGED INTEREST IN ACQUIRING APCs AS APPEARED TO BE THE CASE IN THE LIBERIAN, KENYAN, AND NIGERIAN PROPOSALS. OTHER COUNTRIES MAY SHOW INTEREST IN AN ITALIAN BID IN ORDER TO COMPARE THE US PRICE (AS PERHAPS IN THE THAI AND PHILIPPINE CASES). AFTER ITS CONSULTATIONS WITH OTO MELARA, FMC HAS OFTEN EXPRESSED SURPRISE TO US AT CONTINUED ENQUIRIES BY THE GOI REGARDING THE STATUS OF PARTICULAR SALES PROPOSALS BY THE ITALIAN FIRM.

3. IT SEEMS CLEAR THAT BOTH THE USG AND GOI ARE CAUGHT IN THE MIDDLE ON THESE APC SALES, WHICH IS PERHAPS UN-AVOIDABLE IN VIEW OF THE MOU REFLECTING THE ORIGINAL COMMERCIAL LICENSING AGREEMENT. WE WILL WORK ON THE ASSUMPTION THAT LIAISON BETWEEN OTO MELARA AND THE GOI (THE MFA IN PARTICULAR) IS UNRELIABLE AND THAT CONSEQUENTLY THE MFA IS NOT NECESSARILY APPRISED WHEN OTO MELARA DECIDES TO DROP A SALES PROPOSAL. ACCORDINGLY, WE WILL SEND YOU THE USG POSITION ON EACH PROPOSAL WHICH PROVES FEASIBLE, OR IN CASES WHERE CORPORATE AND/OR PURCHASER CONFIDENTIAL

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DECISIONS MAKE GOI REQUESTS MOOT, WE WILL ADVISE THAT WE ARE UNABLE TO PROCEED WITH FORMAL CONSIDERATION AND REASONS THEREFOR THAT YOU MAY PASS TO MFA.

4. IN THE CASES OF THE PHILIPPINES, KENYA, AND PERU, YOU MAY TELL THE MFA THAT THE USG CAN NOT PROCEED WITH CONSIDERATION OF GOI REQUESTS FOR SALES OF M-113A1 APCs TO THOSE COUNTRIES AT THIS TIME. PHILIPPINES AND PERU ARE RECIPIENTS OF APCs FROM US PRODUCTION WHILE KENYA HAS NO INTEREST IN ITALIAN APCs (NAIROBI 276).
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Control Number: n/a
Copy: SINGLE
Sent Date: 27-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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